

RECEIVED  
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TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan  
26-1050  
GENERAL PURPOSE FINANCIAL STATEMENTS  
LOCAL AUDIT & FINANCIAL  
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

## AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

<b>Local Government Type</b> <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		<b>Local Government Name</b> Township of Buckeye	<b>County</b> Gladwin
<b>Audit Date</b> March 31, 2004	<b>Opinion Date</b> June 23, 2004	<b>Date Accountant Report Submitted to State:</b> June 23, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised 10/2004.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below.

- |   |  |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).   |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).   |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

<b>Certified Public Accountant (Firm Name)</b> Campbell, Kusterer & Co., P.C.			
<b>Street Address</b> 512 N. Lincoln, Suite 100, P.O. Box 686	<b>City</b> Bay City	<b>State</b> MI	<b>Zip</b> 48707
<b>Accountant Signature</b>			

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

June 7, 2002

To the Township Board  
Township of Buckeye  
Gladwin County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Buckeye, Gladwin County, Michigan, as of March 31, 2004, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Buckeye, Gladwin County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Buckeye, Gladwin County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements, taken as a whole.

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Group</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	<u>General Fixed Assets</u>
<u>Assets</u>				
Investments	133 760 57	-	120 03	-
Taxes receivable	17 646 03	4 379 40	-	-
Due from other funds	4 499 34	-	-	-
Land and improvements	-	-	-	11 038 42
Building and improvements	-	-	-	37 975 40
Equipment	-	-	-	8 456 46
Total Assets	<u>155 905 94</u>	<u>4 379 40</u>	<u>120 03</u>	<u>57 470 28</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to other funds	-	4 379 40	120 03	-
Total liabilities	-	<u>4 379 40</u>	<u>120 03</u>	-
Fund equity:				
Investment in general fixed assets	-	-	-	57 470 28
Fund balances:				
Unreserved:				
Undesignated	<u>155 905 94</u>	-	-	-
Total fund equity	<u>155 905 94</u>	-	-	<u>57 470 28</u>
Total Liabilities and Fund Equity	<u>155 905 94</u>	<u>4 379 40</u>	<u>120 03</u>	<u>57 470 28</u>

The accompanying notes are an integral part of these financial statements.

Total  
(Memorandum  
Only)

---

133 880 60  
22 025 43  
4 499 34  
11 038 42  
37 975 40  
8 456 46

217 875 65

4 499 43  
4 499 43

57 470 28

155 905 94  
213 376 22

217 875 65

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 1

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Revenues:			
Property taxes	22 832 07	25 713 10	48 545 17
Other taxes	409 55	-	409 55
Licenses and permits	-	-	-
State revenue sharing	96 658 84	-	96 658 84
Charges for services – cemetery	150 00	-	150 00
Hall rentals	2 640 00	-	2 640 00
Interest	703 82	-	703 82
Special assessments	55 361 00	-	55 361 00
Miscellaneous	19 890 25	-	19 890 25
Total revenues	<u>198 645 53</u>	<u>25 713 10</u>	<u>224 358 63</u>
Expenditures:			
Legislative:			
Township Board	10 674 54	-	10 674 54
General government:			
Supervisor	5 622 94	-	5 622 94
Elections	496 00	-	496 00
Assessor	11 313 59	-	11 313 59
Clerk	8 539 60	-	8 539 60
Board of Review	1 250 45	-	1 250 45
Treasurer	10 144 65	-	10 144 65
Township hall and grounds	5 302 05	-	5 302 05
Professional services	1 948 00	-	1 948 00
Cemetery	750 00	-	750 00
Unallocated	2 139 13	-	2 139 13
Public safety:			
Liquor law enforcement	675 95	-	675 95
Fire protection	-	25 713 10	25 713 10
Public works:			
Highways and streets	67 993 05	-	67 993 05
Drains	3 402 47	-	3 402 47
Sanitation	58 746 24	-	58 746 24
Other:			
Insurance	3 383 00	-	3 383 00

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B  
Page 2

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Expenditures: (continued)			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>192 381 66</u>	<u>25 713 10</u>	<u>218 094 76</u>
Excess (deficiency) of revenues over expenditures	6 263 87	-	6 263 87
Fund balances, April 1	<u>149 642 07</u>	<u>-</u>	<u>149 642 07</u>
Fund Balances, March 31	<u><u>155 905 94</u></u>	<u><u>-</u></u>	<u><u>155 905 94</u></u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C  
Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	18 100 00	22 832 07	4 732 07
Other taxes	402 38	409 55	7 17
Licenses and permits	220 00	-	(220 00)
State revenue sharing	104 675 95	96 658 84	(8 017 11)
Charges for services – cemetery	200 00	150 00	(50 00)
Hall rentals	2 400 00	2 640 00	240 00
Interest	1 000 00	703 82	(296 18)
Special assessments	55 930 00	55 361 00	(569 00)
Miscellaneous	<u>9 845 70</u>	<u>19 890 25</u>	<u>10 044 55</u>
Total revenues	<u>192 774 03</u>	<u>198 645 53</u>	<u>5 871 50</u>
Expenditures:			
Legislative:			
Township board	12 000 00	10 674 54	(1 325 46)
General government:			
Supervisor	7 000 00	5 622 94	(1 377 06)
Elections	5 000 00	496 00	(4 504 00)
Assessor	15 000 00	11 313 59	(3 686 41)
Clerk	11 000 00	8 539 60	(2 460 40)
Board of Review	3 000 00	1 250 45	(1 749 55)
Treasurer	11 500 00	10 144 65	(1 355 35)
Township hall and grounds	12 671 50	5 302 05	(7 369 45)
Professional services	4 000 00	1 948 00	(2 052 00)
Cemetery	3 000 00	750 00	(2 250 00)
Unallocated	3 000 00	2 139 13	(860 87)
Public safety:			
Liquor law enforcement	675 95	675 95	-
Fire protection	-	-	-
Public works:			
Highways and streets	120 000 00	67 993 05	(52 006 95)
Drains	4 000 00	3 402 47	(597 53)
Sanitation	55 930 00	58 746 24	2 816 24
Other:			
Insurance	3 500 00	3 383 00	(117 00)
Contingency	3 000 00	-	(3 000 00)

The accompanying notes are an integral part of these financial statements.

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
22 000 00	25 713 10	3 713 10
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>22 000 00</u>	<u>25 713 10</u>	<u>3 713 10</u>

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
22 000 00	25 713 10	3 713 10
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C  
Page 2

	<u>General Fund</u>		<u>Over (Under) Budget</u>
	<u>Budget</u>	<u>Actual</u>	
Total expenditures	<u>274 277 45</u>	<u>192 381 66</u>	<u>(81 895 79)</u>
Excess (deficiency) of revenues over expenditures	(81 503 42)	6 263 87	87 767 29
Fund balances, April 1	<u>81 503 42</u>	<u>149 642 07</u>	<u>68 138 65</u>
Fund Balances, March 31	<u>-</u>	<u>155 905 94</u>	<u>155 905 94</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<u>22 000 00</u>	<u>25 713 10</u>	<u>3 713 10</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Township of Buckeye, Gladwin County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Buckeye. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific revenue sources which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Account Group

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 1.8428 mills, and the taxable value was \$27,119,207.00.

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are state at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all the amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.



TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 2 - Deposits and Investments (continued)

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>-</u>
Amounts in the bank balances are without considering deposits in transit or uncleared checks.	

	<u>Bank Balances</u>
Insured (FDIC)	-
Uninsured and Uncollateralized	-
Total Deposits	<u>-</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
<u>Investment Type</u>				
Risk-Categorized:				
Operating Funds:				
Repurchase agreement	-	-	-	-

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 2 - Deposits and Investments (continued)

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	-
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>133 880 60</u>
Total Investments				<u>133 880 60</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 3 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	11 038 42	-	-	11 038 42
Building and improvements	37 975 40	-	-	37 975 40
Equipment	<u>8 456 46</u>	<u>-</u>	<u>-</u>	<u>8 456 46</u>
Totals	<u>57 470 28</u>	<u>-</u>	<u>-</u>	<u>57 470 28</u>

Note 4 - Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	4 379 40	Fire	4 379 40
General	<u>120 03</u>	Current Tax Collection	<u>120 03</u>
Total	<u>4 499 43</u>	Total	<u>4 499 43</u>

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 5 - Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 - Pension Plan

The Township does not have a pension plan.

Note 7 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 - Building Permits

The Township of Buckeye does not issue building permits. Building permits are issued by the County of Gladwin.

Note 9 - Budget Variances

During the fiscal year ended March 31, 2004, Township expenditures exceeded budgeted amounts in several activities as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
General Fund:			
Activity:			
Sanitation	55 930 00	58 746 34	2 816 34
Fire Fund:			
Activity:			
Fire protection	22 000 00	25 713 10	3 713 10

Note 10 - Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2004

EXHIBIT D  
Page 1

Township Board:	
Wages	2 945 80
Payroll taxes	2 135 59
Printing and publishing	575 55
Miscellaneous	4 442 98
Membership and dues	574 62
	<u>10 674 54</u>
Supervisor:	
Wages	5 407 50
Miscellaneous	215 44
	<u>5 622 94</u>
Elections:	
Wages	496 00
	<u>496 00</u>
Assessor:	
Contracted services	11 255 13
Supplies	58 46
	<u>11 313 59</u>
Clerk:	
Wages	7 004 00
Wages – Deputy	500 00
Office supplies	842 61
Miscellaneous	192 99
	<u>8 539 60</u>
Board of Review:	
Wages	560 00
Printing and publishing	139 50
Supplies	550 95
	<u>1 250 45</u>
Treasurer:	
Wages	7 941 00
Wages – Deputy	500 00
Office supplies	806 43
Miscellaneous	897 22
	<u>10 144 65</u>
Township hall and grounds:	
Wages	1 324 00
Utilities	2 227 16
Repairs and maintenance	1 277 50
Telephone	298 89
Mileage	174 50
	<u>5 302 05</u>

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2004

EXHIBIT D  
Page 2

Professional services:	
Legal	<u>1 948 00</u>
Cemetery:	
Mowing	<u>750 00</u>
Unallocated:	
Miscellaneous	<u>2 139 13</u>
Liquor law enforcement – wages and supplies	<u>675 95</u>
Highways and streets:	
Repairs and maintenance	<u>67 993 05</u>
Drains	<u>3 402 47</u>
Sanitation – contracted services	<u>58 746 24</u>
Insurance	<u>3 383 00</u>
Total Expenditures	<u>192 381 66</u>

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Year Ended March 31, 2004

EXHIBIT E

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Investments	<u>103 42</u>	<u>754 407 84</u>	<u>754 390 96</u>	<u>120 30</u>
Total Assets	<u>103 42</u>	<u>754 407 84</u>	<u>754 390 96</u>	<u>120 30</u>
<u>Liabilities</u>				
Due to other funds	<u>103 42</u>	<u>90 369 77</u>	<u>90 352 89</u>	<u>120 30</u>
Due to others	<u>-</u>	<u>664 038 07</u>	<u>664 038 07</u>	<u>-</u>
Total Liabilities	<u>103 42</u>	<u>754 407 84</u>	<u>754 390 96</u>	<u>120 30</u>

TOWNSHIP OF BUCKEYE  
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
Year Ended March 31, 2004

EXHIBIT F

Cash in bank – beginning of year	<u>103 42</u>
Cash receipts:	
Current property tax	754 349 30
Animal licenses	5 00
Interest	<u>53 54</u>
Total cash receipts	<u>754 407 84</u>
Total beginning balance and cash receipts	<u>754 511 26</u>
Cash disbursements:	
Township General Fund	69 018 83
Township Fire Fund	21 334 06
Gladwin County	346 557 91
Clare-Gladwin Intermediate School District	48 630 78
Beaverton Rural Schools	153 114 51
Gladwin Community Schools	84 219 76
Mid-Michigan Community College	29 138 22
Refunds	<u>2 376 89</u>
Total cash disbursements	<u>754 390 96</u>
Cash in Bank – End of Year	<u><u>120 30</u></u>

# **CAMPBELL, KUSTERER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA  
KENNETH P. KUSTERER, CPA

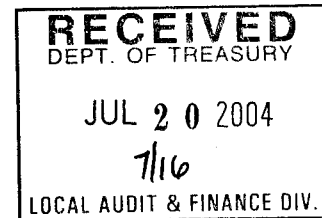
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## **AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS**

June 23, 2004

To the Township Board  
Township of Buckeye  
Gladwin County, Michigan



We have audited the financial statements of the Township of Buckeye, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Township of Buckeye in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.



To the Township Board  
Township of Buckeye  
Gladwin County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board  
Township of Buckeye  
Gladwin County, Michigan

### **GASB 34 IMPLEMENTATION**

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Buckeye will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

#### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.

Certified Public Accountants